

Flexible Spending Accounts



The City allows you to contribute to one or both flexible spending accounts, which allow you to save taxes on certain out-of-pocket health care and dependent care expenses. The FSAs are administered by Aetna.

How the FSAs Work

The City offers two types of FSAs:

- Health Care FSA
- Dependent Care FSA

If you elect to contribute to one or both of the FSAs, you choose an annual amount to be taken from each of your paychecks and deposited into your account throughout the year. Your contributions are taken out of your paycheck before you pay taxes, so you save money. Then, when you have eligible health care or dependent care expenses, you can use the account to reimburse yourself, up to the amount you have elected to contribute to your account for the year.



With both accounts, the IRS requires you to use all of the money in your account by the end of the year or you lose it. This is called the “use it or lose it” rule.

Health Care FSA

You can use the Health Care FSA to pay for eligible out-of-pocket expenses that are not covered by another health plan. Examples include, but are not limited to:

- Medical or dental deductibles
- Office visit copays
- Coinsurance amounts
- Amounts you pay for prescription drugs
- Amounts you pay for certain over-the-counter items
- Eyeglasses, contacts and other vision-related expenses not covered by the vision plan
- Orthodontia expenses not covered by the dental plan

For a complete list of eligible expenses, visit www.aetna.com.

NOTE: YOU MUST RE-ENROLL DURING EACH OPEN ENROLLMENT PERIOD TO CONTINUE YOUR FLEXIBLE SPENDING - ACCOUNT. (An Enrollment Form *must* be completed for the next January 1 effective date.)

Annual Contribution Amount

You can contribute \$100 up to a maximum of \$2,500 per year to the Health Care FSA.

A Note About Over-the-Counter Medications

You must have a doctor's prescription to use the Health Care FSA to reimburse yourself for certain over-the-counter medications. Examples of medications that require you to submit a doctor's prescription include:

- Acid controllers, digestive aids and stomach remedies
- Allergy and sinus medicines
- Anti-itch and insect bite remedies
- Cold sore remedies
- Cold, cough and flu drugs
- Pain relief medications
- Respiratory treatments
- Sleep aids and sedatives



How the FSA Debit Card Works

If you enroll in the Health Care FSA, you will receive one debit card in the mail. To request additional debit cards for your family members or if you lose your card, please contact Aetna at 1-866-229-1512.

You can use your debit card at certain places to pay for eligible expenses up-front, such as prescription drugs and office visit copays, without having to pay with cash and wait for a reimbursement. If you use your debit card at a health care provider's office or at a vendor that has the software in place to track eligible FSA expenses, you will not be required to submit a receipt. For a list of vendors that have this software, go to www.aetna.com. **However, for most debit card transactions, you will need to submit your receipts as substantiation of your expense, so it's important to keep them.**

If you choose not to use your debit card, you can always pay for your eligible expense and file a claim for reimbursement.

It's important to keep copies of all your receipts—even if you are not required to submit them as proof of your expense. That way, if the IRS asks for substantiation of your expenses, you will have the receipts.

Health Care Flexible Spending Account Worksheet

How much you save depends on how much you spend on health and dependent care, and on your tax situation.

Use the worksheet below to determine how much to deposit in your account(s). Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS and plan limits.

Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you.

	Employee	Dependents	Total
Prescriptions	<i>You save money by using generic drugs. Consider maintenance and prescribed over-the-counter drugs.</i>		
Medications (including prescribed over-the-counter drugs)			\$
Copays for Doctor Visits			\$
Scheduled			
Non-Scheduled			
Medical Procedures	<i>Consider laser eye surgery, outpatient surgery, hospital copays, coinsurance, hospital stays, and lab work.</i>		
Procedures			\$
Dental Care	<i>Consider cleanings, x-rays, fillings, root canals, etc.</i>		
Routine and Procedures			\$
Orthodontia			\$
Vision Care			\$
Total annual health care estimate (cannot exceed \$6,000)			\$
Divide by 24 payroll deductions per calendar year or remaining eligible pay periods if you are a new employee. Maximum deduction is \$250 per pay period.			÷
Estimated contribution per eligible pay period <i>Put this amount on your enrollment form</i>			\$

Dependent Care FSA

The Dependent Care FSA helps you afford day care for your children under age 13 or for a disabled dependent. There are some special rules for participating in this account:

- The day care expenses must be necessary so you can work.
- You can only be reimbursed for expenses incurred during the plan year.
- If you are married, your spouse must be:
 - Employed, or
 - A full-time student at least five months during the plan year, or
 - Mentally or physically disabled and unable to provide care for himself or herself.

In some cases, a federal child-tax credit may save you more money than the Dependent Care FSA. You may want to consult a tax advisor to find which option is better for you.

Eligible Dependent Care Expenses

Generally, you may use the money in your Dependent Care FSA for care of:

- Your children under age 13 whom you claim as a dependent for tax purposes
- Other dependents of any age who are mentally or physically disabled and whom you claim as a dependent for tax purposes (spouses and dependents age 13 and older must spend at least eight hours a day in your home if you are reimbursing yourself for services provided outside the home).

Some typical expenses that are eligible for reimbursement under the plan are:

- Licensed nursery school and day care centers for children
- Licensed day care centers for disabled dependents
- Services from a care provider over the age of 19 (inside or outside the home)
- Day camps
- After-school care

For a complete list of eligible expenses, visit www.aetna.com.



Dependent Care Flexible Spending Account Worksheet

How much you save depends on how much you spend on health and dependent care, and on your tax situation.

Use the worksheet below to determine how much to deposit in your account(s). Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS and plan limits.

Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you.

Activity	Monthly Cost	No. of Months	No. of Children	Total Cost
Day care for a child 6 or under -- not in the first grade	\$	X____months	X____children	\$
Before-school care for a child up to age 13	\$	X____months	X____children	\$
After-school care for a child up to age 13	\$	X____months	X____children	\$
Summer care for a child up to age 13	\$	X____months	X____children	\$
Summer day camp for a child up to age 13	\$	X____months	X____children	\$
Total annual dependent care estimate				\$
Divide by 24 payroll deductions per calendar year or remaining eligible pay periods if you are a new employee. Maximum deduction is \$208 per pay period (maximum \$4,992).				÷
Estimated contribution per pay period <i>Put this amount on your enrollment form</i>				\$

Example

Your bi-weekly gross salary is \$1,000.00. You have Employee Only coverage for Medical, Dental, and Vision. If you decide to elect Dependent Care FSA, this chart below illustrates how your take home pay and taxes would be affected. This chart is based on if you elected to contribute \$2,500 per year for Dependent Care.

Medical Premium	\$30.00
Dental Premium	\$10.00
Vision Premium	\$0.00
Total Premiums	\$40.00

	With	Without
Gross Pay	\$1,000.00	\$1,000.00
Before-Tax Premiums (with FSA)	-40.00	-0.00
Dependent Care (with FSA)	-208.33	-0.00
Taxable Pay	\$751.67	\$1,000.00
Social Security (7.65% of taxable pay)	-57.50	-76.50
Income Tax (assuming 15% tax bracket)	-112.75	-150.00
After-Tax Pay	\$581.42	\$773.50
After-Tax Premiums (without FSA)	-0.00	-40.00
Dependent Care (without FSA)	-0.00	-208.33
Take-Home Pay	\$581.42	\$525.17

Annual Contribution Amount

You can contribute \$100 to \$2,500 per year to the Dependent Care FSA.

Important FSA Considerations

- Any money left in your FSAs at the end of the plan year may not be rolled over to pay for future expenses in another plan year. Any unused funds will be forfeited, per IRS rules.
- For the Dependent Care FSA, you may only be reimbursed up to the amount in your account at the time you file a claim. If your eligible expenses are greater than the amount in your account, the unreimbursed amount will carry over and be reimbursed after your next deposit. (For the Health Care FSA, you can be reimbursed up to the full amount you have elected to contribute for the year—even if you have not yet contributed that much to your account.)
- The Health Care FSA and the Dependent Care FSA are separate accounts. You cannot use funds from one account to pay for expenses of the other. You also cannot transfer funds between the two accounts.
- If you use the Dependent Care FSA, you must provide your caregiver's Social Security number or tax ID when you file a claim for reimbursement.